

● ORIGINAL ●

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| | | Revised | SHEET NO. | i.i |
| Chaparral City Water Company | | | | |
| (Name of Company) | ALL SERVICE AREAS | | | |
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PART ONE

STATEMENT OF CHARGES WATER SERVICE

I. RATES

On September 27, 2005, in Decision No. 68176, the Arizona Corporation Commission issued an Order approving the following rates and charges to become effective on October 1, 2005:

A. GENERAL RESIDENTIAL COMMERCIAL AND INDUSTRIAL SERVICE

1. Monthly Usage charge (All Zones and Classes):

| <u>Meter Size</u> | <u>Minimum Charge</u> |
|-------------------|-----------------------|
| Inches | Per Month |
| 3/4" Meter | \$13.60 |
| 1" Meter | \$22.70 |
| 1 1/2" Meter | \$45.40 |
| 2" Meter | \$73.00 |
| 3" Meter | \$146.00 |
| 4" Meter | \$227.00 |
| 6" Meter | \$454.00 |
| 8" Meter | \$730.00 |
| 10" Meter | \$1,043.00 |
| 12" Meter | \$1,980.00 |

Fire Hydrants – Basic Service

No Monthly Usage Charge

Fire Hydrants – Used for Irrigation/Construction

\$146.00

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PART ONE, SECTION I (Cont.)

2. Commodity Charge:

Commodity Rates Per 1,000 Gallons

¾" Meter (Residential)

| | |
|-----------------------------|--------|
| From 1 to 3,000 Gallons | \$1.68 |
| From 3,001 to 9,000 Gallons | 2.52 |
| Over 9,000 Gallons | 3.03 |

¾" meter (Commercial and Industrial)

| | |
|-------------------------|--------|
| From 1 to 9,000 Gallons | \$2.52 |
| Over 9,000 Gallons | 3.03 |

1" Meter (Residential, Commercial and Industrial)

| | |
|--------------------------|--------|
| From 1 to 24,000 Gallons | \$2.52 |
| Over 24,000 Gallons | 3.03 |

1 ½" Meter (Residential, Commercial and Industrial)

| | |
|--------------------------|--------|
| From 1 to 60,000 Gallons | \$2.52 |
| Over 60,000 Gallons | 3.03 |

2" Meter (Residential, Commercial and Industrial)

| | |
|---------------------------|--------|
| From 1 to 100,000 Gallons | \$2.52 |
| Over 100,000 Gallons | 3.03 |

3" Meter (Residential, Commercial and Industrial)

| | |
|---------------------------|--------|
| From 1 to 225,000 Gallons | \$2.52 |
| Over 225,000 Gallons | 3.03 |

4" Meter (Residential, Commercial and Industrial)

| | |
|---------------------------|--------|
| From 1 to 350,000 Gallons | \$2.52 |
| Over 350,000 Gallons | 3.03 |

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PART ONE, SECTION I (Cont.)

6" Meter (Residential, Commercial and Industrial)

| | |
|---------------------------|--------|
| From 1 to 725,000 Gallons | \$2.52 |
| Over 725,000 Gallons | 3.03 |

8" Meter (Residential, Commercial and Industrial)

| | |
|-----------------------------|--------|
| From 1 to 1,125,000 Gallons | \$2.52 |
| Over 1,125,000 Gallons | 3.03 |

10" Meter (Residential, Commercial and Industrial)

| | |
|-----------------------------|--------|
| From 1 to 1,500,000 Gallons | \$2.52 |
| Over 1,500,000 Gallons | 3.03 |

12" Meter (Residential, Commercial and Industrial)

| | |
|-----------------------------|--------|
| From 1 to 2,250,000 Gallons | \$2.52 |
| Over 2,250,000 Gallons | 3.03 |

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use and franchise tax, per Commission Rule A.A.C. R14-2-409.D(5).

All advances and/or contributions are to include labor, materials, overheads and all applicable taxes, including all gross-up taxes for income taxes, if applicable.

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PART ONE, SECTION I (Cont.)

B. IRRIGATION SERVICE - Commodity Charge

(Commodity Rates per 1,000 gallons)

Irrigation/Bulk (All Meters)

All Gallons

\$1.56

Fire Hydrant Irrig./Const. (All Meters)

All Gallons

\$1.56

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PART ONE, SECTION I (Cont.)

C. FIRE SPRINKLER CHARGES¹

1. Meter Size Minimum, All Zones:

| <u>Meter Size</u> | <u>Minimum Charge</u> |
|-------------------|-----------------------|
| Inches | Per Month |
| 4" or smaller | \$10.00 |
| 6" | \$10.00 |
| 8" | \$10.00 |
| 10" | \$10.00 |
| 10" or larger | \$10.00 |

2. Commodity Charge:

| | |
|-----------------|--------|
| Fire Sprinklers | |
| All Gallons | \$2.52 |

¹ 1% of monthly minimum for a comparable meter size connection, but no less than \$5.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct for the primary water service line.

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PART ONE, SECTION I (Cont.)

D. STANDPIPE WATER SERVICE (Fire Hydrants)

Commodity Charge per 1,000 gallons

1. 2" Meter² \$2.52

² Standpipe water service is contemplated to be provided through only 2" meters owned by the Chaparral City Water Company. In the event a customer needs larger or smaller metered service, an appropriate tariff for that service will be filed with the Arizona Corporation Commission.

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PART ONE, SECTION II

II. TAXES AND ASSESSMENTS

In addition to all other rates and charges authorized herein, the Company shall collect from its customers all applicable sales, transaction, privilege, regulatory or other taxes and assessments as may apply now or in the future, per Rule A.A.C. R14-2-409.D(5).

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PART ONE, SECTION III

III. ADDITIONAL CHARGES

In addition to all other rates and charges authorized herein, the Company shall collect the following:

| | | |
|----|--|-----------------|
| A. | Establishment of Service per Rule R14-2-403.D (new customer charge, in addition to F, L and M below) | \$25.00 |
| B. | Establishment (After hours) | \$35.00 |
| C. | Reconnection (Delinquent) | \$35.00 |
| D. | Reconnection (Delinquent / After-Hours) | \$50.00 |
| E. | Meter Test | \$35.00 |
| F. | Deposit Requirement (Residential) | * ³ |
| G. | Deposit Requirement (Non-Residential Meter) | * |
| H. | Hydrant Meter Deposit | \$50.00 |
| I. | Re-establishment of Service Per Rule R14-2-403.D (same customer, same location within 12 months) | ** ⁴ |
| J. | Reconnection of Service per Rule R14-2-403.D (after disconnection due to delinquency) | ** |
| K. | NSF Check | \$25.00 |
| L. | Deferred Payment, monthly | 1.50% |

* Per ACC Rule A.A.C. R14-2-403.B

** Number of months off system times the sum of the monthly minimum.

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PART ONE, SECTION III (Con't)

- M. Meter Re-read \$25.00
- N. Charge for moving meter at customer request per Rule R14-2-405.B Cost⁵
- O. After hours service charge, per Rule R14-2-403.D - refer to above service charges
- P. Late Charge per month 1.50%
- Q. Service Line Tariff and Meter Advance Policy,
Refundable per Rule R14-2-405.B:

| | Meter | Line | Total |
|-------------------|---------|---------|---------|
| 5/8" x 3/4" Meter | \$135 | \$385 | \$520 |
| 3/4" Meter | \$215 | \$385 | \$600 |
| 1" Meter | \$255 | \$435 | \$690 |
| 1 1/2" Meter | \$465 | \$470 | \$935 |
| 2" Turbine Meter | \$965 | \$630 | \$1,595 |
| 2" Compound Meter | \$1,690 | \$630 | \$2,320 |
| 3" Turbine Meter | \$1,470 | \$805 | \$2,275 |
| 3" Compound Meter | \$2,265 | \$845 | \$3,110 |
| 4" Turbine Meter | \$2,350 | \$1,170 | \$3,520 |
| 4" Compound Meter | \$3,245 | \$1230 | \$4,475 |
| 6" Turbine Meter | \$4,545 | \$1,730 | \$6,275 |
| 6" Compound Meter | \$6,280 | \$1,770 | \$8,050 |
| 8" & Larger | At Cost | At Cost | At Cost |

Fire Sprinkler:

| | |
|--------------------|------|
| 2" Meter and Valve | Cost |
| 4" Meter and Valve | Cost |
| 6" Meter and Valve | Cost |
| 8" Meter and Valve | Cost |

- R. Main Extension Tariff, Per Rule R14-2-406B Cost

⁵ See Sheet No. 9.0.

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PART ONE, SECTION IV

IV. OFF-SITE FACILITIES WATER HOOK-UP FEE

To be Approved

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PART ONE, SECTION V

V. PERMITTED COSTS

- A. Costs shall be verified by invoice.
- B. For services that are provided by the Company at cost, cost shall include labor, materials, other charges incurred, and overhead. However, prior to any such service being provided, the estimated cost of such service will be provided by the Company to the customer. After review of the cost estimate, the customer will pay the amount of the estimated cost to the Company.
- C. In the event that the actual costs less than the estimated cost, the Company will refund the excess to the customer within 30 days after completion of the provision of the service or after Company's receipt of invoices, time sheets or other related documents, whichever is later.
- D. In the event the actual cost is more than the estimated cost, the Company will bill the customer for the amount due within 30 days after completion of the provision of the service or after the Company's receipt of invoices, time sheets or other related documents, whichever is later. The amount so billed will be due and payable 30 days after the invoice date.
- E. At the customer's request, the Company shall make available to the customer all invoices, time sheets or related documents that support the cost for providing such service.
- F. Permitted costs shall include any State or Federal income taxes that are or may be payable by the Company as a result of any tariff or contract for water facilities under which the Customer advances or contributes funds or facilities to the Company.

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PART TWO

STATEMENT OF TERMS AND CONDITIONS

I. FIRE HYDRANT AND INTERIOR FIRE SPRINKLER SERVICE

The Company will provide Fire Protection Service under the following conditions:

A. Facility Specifications

The size, location, number, and technical specifications of facilities used to provide Fire Protection Service shall be prescribed by the Fire Protection Service Customer, developer, or any authorized agency having jurisdiction over those facilities, so long as:

1. Those facilities do not adversely affect the Company's ability to provide other service, and
2. The maximum diameter of the fire protection service connection is not larger than the diameter of the main to which the service is connected, and
3. In the case of a fire hydrant, that the facilities are located in the public right-of-way, and
4. In the case of a fire sprinkler system, that the sprinkler system is separate from the other service facilities, unless the Company has specifically approved an integrated system and Company-approved check valves are installed.

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PART TWO, SECTION I (Cont.)

B. Construction Specifications; Ownership of Facilities; Relocation

Fire hydrants, and all valves, pipes, fittings and appurtenances related to the hydrant shall be installed to the Company's construction specifications under non-refundable Contributions in Aid of Construction, paid by the Developer or Fire Protection Service Customer, and shall become the property of the Company.

Fire sprinkler systems up to a mutually-agreed upon point of interconnection shall be installed to the Company's construction specifications under non-refundable Contributions in Aid of Construction, paid by the Developer or Fire Protection Service Customer, and shall become the property of the Company. The installation, maintenance and operation of fire sprinkler systems within the Customer's facility, and beyond the point of interconnection, shall be the responsibility of the Customer.

Relocation costs of any Company-owned fire protection facilities shall be paid by the Customer or the party requesting relocation. Relocation costs include costs incurred due to moving facilities to accommodate reconstruction, widening, realignment, or grade changes to alleys, streets, roads, or highways.

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PART TWO, SECTION I (Cont.)

C. Interruptible Service; Company's Liability Limitations

The Company will exercise reasonable diligence to provide continuous water service to fire hydrant and interior fire sprinkler service customers. Fire Protection Service is conditioned upon the express understanding that THE COMPANY DOES NOT GUARANTEE OR INSURE UNINTERRUPTED OR REGULAR WATER SERVICE, NOR DOES THE COMPANY REPRESENT THE PRESENCE OF ADEQUATE PRESSURE, VOLUME, OR FIRE FLOW AVAILABLE ANYWHERE ON ITS WATER SYSTEM BY OFFERING FIRE PROTECTION SERVICE AS SPECIFIED HEREIN.

Fire Protection Service is further conditioned on the Fire Protection Services Customer agreeing TO HOLD HARMLESS AND INDEMNIFY THE COMPANY from and against any and all liability, loss, damage or expense the Company may incur as a result of claims, demands, costs or judgment against the Company including, but not limited to, loss of or damage to property or injury or to death of persons, arising, directly or indirectly, out of the Company's providing of water service, or any activities or operations related thereto, or any breach by the Fire Protection Service Customer of the terms, covenants or conditions of this Tariff Schedule. The Company shall be entitled to recover its reasonable attorneys' fees should the Fire Protection Service Customer fail to comply with this provision. This provision applies to, and regardless of, any negligence or alleged negligence on the part of the Company, its employees, servants or agents.

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PART TWO, SECTION II

II CROSS-CONNECTION CONTROL AND BACKFLOW PREVENTION

PURPOSE:

The purpose of this tariff is to protect the water system and facilities of Chaparral City Water Company ("the Company") from the possibility of contamination caused by the backflow of contaminants that may be present on the customer's premises by requiring the installation and periodic testing of backflow-prevention assemblies pursuant to the provisions of Arizona Administrative Code ("A.A.C.") R-14-2-405.B.6 and A.A.C. R18-4-115. This tariff is applicable to all customers served by the Company who meet the requirements set forth below.

REQUIREMENTS:

In accordance with the rules and regulations of the Arizona Corporation Commission and the Arizona Department of Environmental Quality, including A.A.C. R14-2-405.B.6 and A.A.C. R18-4-115 relating to backflow prevention:

1. The Company may require a customer to pay for and install a backflow-prevention assembly whenever A.A.C. R18-4-115.B or .C applies.
2. A backflow-prevention assembly installed by the customer tariff must comply with the requirements set forth in A.C.C. R18-4-115.D and E, which rules are incorporated herein by this reference.
3. Subject to the provision of A.A.C. R14-2-407 and R14-2-410, and in accordance with paragraphs 1 and 7 of this tariff, the Company may terminate service or deny service to a customer who fails to install a backflow-prevention assembly as required by this tariff.
4. The Company shall give any existing customer who is required to install a backflow-prevention assembly written notice of said requirement. If A.A.C. R14-2-410.B.1.a. is not applicable, the customer shall have thirty (30) days in which to comply with this notice. If the customer can show good cause as to why she or he cannot install the device within thirty (30) days, the Company, in its discretion, may suspend this requirement for a reasonable period of time, which shall not exceed ninety (90) days.

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PART TWO, SECTION II (Cont.)

5. The testing of any backflow-prevention assembly and related equipment must comply with the requirements set forth in A.A.C. R18-4-115.F. The Company may require the customer to pay to have the backflow-prevention assembly tested as necessary to ensure that it is functioning properly. The Company may also require the customer to pay for any repairs to a backflow-prevention assembly.
6. The customer shall provide the Company with all records relating to the installation, testing and repair of each backflow-prevention assembly. For each backflow-prevention assembly, these records must include:
 - a. The assembly identification number and description (e.g., manufacturer and model number);
 - b. Its location;
 - c. The dates of all tests;
 - d. A description of repairs and recommendations for repairs made by tester; and
 - e. The tester's name, employer, address and certification number.
7. In the event the backflow-prevention assembly does not function properly or fails any test, or in the event that a customer fails to comply with any testing requirement, and a hazard as contemplated under A.A.C. R14-2-410.B.1.a. may exist, the Company may terminate service immediately and without notice. The backflow-prevention assembly must be repaired or replaced by the customer, at the customer's expense, and the assembly retested before service may be restored.
8. In the event the backflow-prevention assembly does not function properly or fails any test, or in the event that a customer fails to comply with any testing requirement, and there is no possibility of a hazard as contemplated under A.A.C. R14-2-410.B1.a., the backflow-prevention assembly shall be repaired or replaced within fourteen (14) days of the initial discovery of the deficiency in the assembly or its function. The customer's failure to remedy the deficiency or malfunction of the assembly, or failure to retest the assembly to ensure that it is properly functioning, shall be grounds for termination of water service in accordance with A.A.C. R14-2-410.

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PART TWO, SECTION III

III. WATER SERVICE CURTAILMENT

APPLICABILITY:

To all customers served by Chaparral City Water Company ("Company") where the Company determines that temporary water shortages might lead to water system outages, whether caused by drought, fire or other disaster, diminishing supplies, contamination, equipment failure, increased demands or other causes.

PURPOSE:

To implement procedures to cause all customers, regardless of customer class, to reduce water use by compliance with specified water conservation measures and other actions required to reduce each customer's normal water use.

NOTICE OF CURTAILMENT IMPLEMENTATION:

The Company will notify customers of the need to curtail water use, the stage of curtailment implemented, and the extent of curtailment required, by using one or more of the most appropriate methods listed below, as determined by the Company:

1. A notice published in a local newspaper of general circulation that serves the targeted area.
2. A bill insert or a notice on the customer's monthly bill.
3. Radio and television announcements in the targeted area.
4. Signs, leaflets, or other means of providing public notice as determined by the Company.

The Company will notify the customers when such curtailment is no longer needed.

CURTAILMENT STAGES:

Stage One:

Voluntary water use reduction by costumers of 25% or less, as specified by the Company, by adhering to the following practices:

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PART TWO, SECTION III (Cont.)

1. No washing of streets, sidewalks, driveways, parking lots, service station aprons or other exterior features.
2. No washing of automobiles, trucks, trailers, trailer houses or any type of mobile equipment.
3. Exterior landscape watering not more frequently than once every 2 days.
4. Exterior landscape automatic watering timers reduced from their normal duration setting.
5. No filling of swimming or wading pools.
6. Restaurants to serve drinking water only upon request.
7. Hotels, motels and other temporary lodging facilities to notify their customers that towels and linens will be washed upon request only, and that their water use should be limited.
8. Use of water from fire hydrants only in case of fire.
9. Do not waste water. EXAMPLES: Do not let water run down streets and repair any leaking plumbing fittings.
10. Reduce other water uses such that the targeted reduction from the customer's historic water use is achieved.

Stage Two:

Voluntary water use reduction by customers of more than 25%, as specified by the Company, by adhering to the practices listed under Stage One and the following practices:

1. Exterior landscape watering not more frequently than once every 3 days.
2. Exterior landscape automatic watering timers further reduced from their normal duration setting.
3. Reduce other water uses such that the targeted reduction from the customer's historic water use is achieved.
4. No use of construction water services for dust control, soil compaction, or similar purposes, unless required by the Maricopa County Environmental Services Department, the Arizona Department of Environmental Quality, or other agency with jurisdiction over air quality.

Stage Three:

Mandatory water use reduction by customers to a level specified by the Company to meet health and safety requirements, by adhering to the practices listed under Stage One and Stage Two and the following practices:

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PART TWO, SECTION III (Cont.)

1. Exterior landscape watering not more frequently than once every 4 days.
2. Exterior landscape automotive watering timers reduced from their normal duration setting.
3. Reduce other water uses such that the targeted water use reduction is achieved.
4. No use of construction water services.
5. Have on hand a minimum of a 3-day emergency supply of drinking water.

Stage Four:

Mandatory water use reductions by customers, when Stage Three conditions are expected to last longer than two months, by adhering to the practices listed under Stage One through Stage Three, together with the Targeted Water use Reduction Levels set forth below.

EXEMPTIONS AND APPEALS:

Reduction under Stages One, Two, Three and Four do not apply to water directly used for public health and safety purposes.

A customer who wishes an exemption from the targeted water use reduction must submit a written request to the Company within ten days of the Company's notice of curtailment. Following review of the request, the Company will decide whether the targeted water use reduction for that customer should be changed. The Company's decision shall be final.

TARGETED WATER USE REDUCTION LEVEL:

All water bills rendered during a Stage Four curtailment will show the customer's targeted water use reduction percentage, together with all other information the Company considers necessary for the customer to achieve the targeted water use reduction level. If the water bill shows that the customer used water above the targeted water use level, the water bill will include a notice to the customer to end all outdoor water use and that failure to comply will result in temporary loss of service. If the customer exceeds the targeted water use level in the following month, the water bill for that month will include a notice to the customer that water service will be terminated for failure to comply with the curtailment procedures imposed by the Company during supply shortages unless the customer agrees to take actions satisfactory to the Company to end unauthorized use of water. A customer's water service will not be terminated for this type of failure to comply without first receiving notice from the Company of its intent to terminate service.

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PART TWO, SECTION III (Cont.)

If a customer does not take corrective actions satisfactory to the Company and water service is subsequently terminated and such customer believes water service was terminated in error, the customer should call the Company's local office to discuss the basis of the Company's termination of water service with a customer service representative or office manager. If a customer believes that water service was terminated improperly, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

TERMS AND CONDITIONS:

Any customer whose service is terminated for failure to comply with the specific actions required shall not have service restored until such customer demonstrates compliance with such specific actions, satisfactory to the Company, and pays any past due water charges plus a reconnection charge as provided for in the appropriate tariff schedule.

SPECIAL PROVISIONS:

1. This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.
2. The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.
3. The Company shall provide a copy of the curtailment tariff to any customer, upon request.
4. If curtailment efforts do not reduce water use sufficiently and localized water shortages result, the Company will inform the customers of the availability of alternative water supplies in other areas of the Company's water system or neighboring water systems.
5. The Company shall notify the Consumer Service Section of the Utilities Division of the Arizona Corporation Commission at least twelve (12) hours prior to entering either of curtailment Stages 2, 3, or 4. The notification to the Consumer Service Section shall include the cause, present conditions, and expected duration for the water service curtailment.

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PART TWO, SECTION IV

IV. RULES AND REGULATIONS

The Company has adopted the Rules and Regulations established by the Commission as the basis for its operating procedures. A.C.R.R. R14-2-401 through A.C.R.R. R14-2-411 will be controlling of Company procedures, unless specific Commission Order(s) provide otherwise.

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OFF SITE HOOK-UP FEE TARIFF

I. Purpose and Applicability.

The purpose of the off-site hook-up fees payable to Chaparral City Water Company ("the Company") pursuant to this tariff is to equitably apportion the costs of constructing additional off-site facilities to provide water production, delivery, storage and pressure among all new service connections. These charges are applicable to all new service connections established after the effective date of this tariff. The charges are one-time charges and are payable as a condition to Company's establishment of service, as more particularly provided below.

II. Definitions.

Unless the context otherwise requires, the definitions set forth in A.C.C. R14-2-401 of the Arizona Corporation Commission's ("Commission") rules and regulations governing water utilities shall apply in interpreting this tariff schedule.

"Applicant" means any party entering into an agreement with Company for the installation of water facilities to serve new service connections, and may include Developers and/or Builders of new residential subdivisions.

"Company" means Chaparral City Water Company, an Arizona public service corporation.

"Main Extension Agreement" means any agreement whereby an Applicant, Developer and/or Builder agrees to advance the costs of the installation of water facilities to the Company to serve new service connections, or install water facilities to serve new service connections and transfer ownership of such water facilities to the Company, which agreement shall require the approval of the Commission pursuant to A.A.C. R14-2-406, and shall have the same meaning as "Water Facilities Agreement" or "Line Extension Agreement."

"Off-Site Facilities" means wells, storage tanks and related appurtenances necessary for proper operation, including engineering and design costs. Off-Site facilities may also include booster pumps, pressure tanks, transmission mains and related appurtenances necessary for proper operation, if these facilities are not for the exclusive use of the applicant and will benefit the entire water system.

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III. Off-Site Hook-Up Fee.

The fee for 2005 is \$814.00. This fee shall be re-calculated each year based on the number of new hook-ups during the previous calendar year.

IV. Terms and Conditions.

(C) Time of Payment:

In the event that the person or entity that will be constructing improvements ("Applicant", "Developer" or "Builder") is otherwise required to enter into a Main Extension Agreement, whereby the Applicant, Developer or Builder agrees to advance the costs of installing mains, valves, fittings, hydrants and other on-site improvements in order to extend service in accordance with R-14-2-406 (B), payment of the fees required hereunder shall be made by the Applicant, Developer or Builder no later than within 15 calendar days after receipt of notification from the Company that the Utilities Division of the Arizona Corporation Commission has approved the Main Extension Agreement in accordance with R14-2-406(M).

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- b. For those connecting to an existing main that was installed pursuant to a Main Extension Agreement that was approved by the Arizona Corporation Commission –

In the event that the Applicant, Developer or Builder for service is not required to enter into a Main Extension Agreement, the charges hereunder shall be due and payable at the time the meter and service line installation fee is due and payable.

(D) Off-Site Facilities Construction By Developer: Company and Applicant, Developer or Builder may agree to construction of off-site facilities necessary to serve a particular development by Applicant, Developer or Builder, which facilities are then conveyed to Company. In that event, Company shall credit the total cost of such off-site facilities as an off-set to off-site hook-up fees due under this Tariff. If the total cost of the off-site facilities constructed by Applicant, Developer or Builder and conveyed to Company is less than the applicable off-site hook-up fees under this Tariff, Applicant, Developer or Builder shall pay the remaining amount of off-site hook-up fees owed hereunder. If the total cost of the off-site facilities constructed by Applicant, Developer or Builder and conveyed to Company is more than the applicable off-site hook-up fees under this Tariff, Applicant, Developer or Builder shall not be entitled to any refunds.

(E) Failure to Pay Charges; Delinquent Payments: The Company will not be obligated to provide water service to any Developer or, Builder or other applicant for service in the event that the Developer, Builder or other applicant for service has not paid in full all charges hereunder. Under no circumstances will the Company set a meter or otherwise allow service to be established if the entire amount of any payment has not been paid.

(F) Large Subdivision Projects: In the event that the Developer or Builder is engaged in the development of a residential subdivision containing more than 150 lots, the Company may, in its discretion, agree to payment of off-site hook-up fees in installments. Such installments may be based on the residential subdivision development's phasing, and should attempt to equitably apportion the payment of charges hereunder based on the Developer's or Builder's construction schedule and water service requirements.

(G) Off-Site Hook-Up Fees Non-refundable: The amounts collected by the Company pursuant to this Off-Site Hook-Up Fee Tariff shall be non-refundable contributions in aid of construction.

(H) Use of Off-Site Hook-Up Fees Received: All funds collected by the Company as off-site hook-up fees shall be deposited into a separate interest bearing trust account and used solely for the purposes of

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paying for the costs of off-site facilities, including repayment of loans obtained for the installation of off-site facilities that will benefit the entire water system.

(I) Off-Site Hook-Up Fee in Addition to On-Site Facilities: The off-site hook-up fee shall be in addition to any costs associated with the construction of on-site facilities under a Main Extension Agreement.

(J) Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to the off-site hook-up fees, or if the off-site hook-up fee has been terminated by order of the Commission, any funds remaining in the trust shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

(K) Fire Flow Requirements: In the event the applicant for service has fire flow requirements that require additional facilities beyond those facilities whose costs were included in the off-site hook-up fee, and which are contemplated to be constructed using the proceeds of the off-site hook-up fee, the Company may require the applicant to install such additional facilities as are required to meet those additional fire flow requirements, as a non-refundable contribution, in addition to the off-site hook-up fee.

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